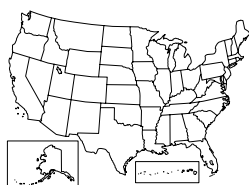


MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the fourth quarter of 2007 indicated an annualized growth rate of 0.6%, significantly down from 4.9% in the third quarter. Weakness in residential investment and declines in business inventories more than offset any positive contribution from business investment, government, and international trade -- all of which increased, but at much slower rates than during the fourth quarter. While personal consumption expenditures also slowed during the fourth quarter, the growth was strong enough to keep overall growth in inflation-adjusted GDP positive.
- The **U.S. unemployment rate** increased from 4.7% in November to 5.0% in December, reflecting an increase in the labor force of 38,000 people and the loss of 436,000 jobs compared with November. While monthly employment statistics are volatile, December's increase in the unemployment rate marked the steepest such increase since October 2001.
- The **U.S. Consumer Price Index** for December grew at an annual rate of 3.4% from the November level (after growing at a 13.9% annual rate in November) and was 4.1% above the level one year ago. Higher energy prices continued to exhibit the strongest monthly growth, while prices rose more slowly for other goods and services. Compared with one year ago, energy prices were up 17.4%, followed by medical care (5.2%) and food prices (4.9%).
- **Housing starts** continued declining in December, falling another 14.2% from the November level and 38.2% compared with one year ago. December housing starts were lower in all regions of the country, compared with both November and the year-ago level, with the south reporting the smallest year-over-year decline, 30.7%, and the west reporting the largest decline, at 51.3%. December housing starts in the midwest were down 30.8% from November and 35.4% from one year ago.



- **Michigan wage and salary employment** grew by 4,000 jobs in December from the November level. While employment gains were small, they marked the third time in the last year that employment posted gains in two consecutive months. However, employment remained 78,000 jobs below the year-ago level, with manufacturing (-25,000) and government (-17,000) exhibiting the largest declines, and only education/health services (+9,000) showing an increase.
- **Michigan motor vehicle production** fell 22.4% in December from the November level and was down 6.5% compared with December 2006. However, Michigan's share of U.S. vehicle production was 22.2%, compared with 20.7% one year ago.
- Unlike most months during 2007, December's **average weekly earnings** showed little or weak growth from year-ago levels in most sectors. Grocery stores and personal/laundry services earnings showed gains of 10.0% and 12.7%, respectively, while nondurable manufacturing and construction earnings fell 8.4% and 5.2%, respectively.



DECEMBER 2007

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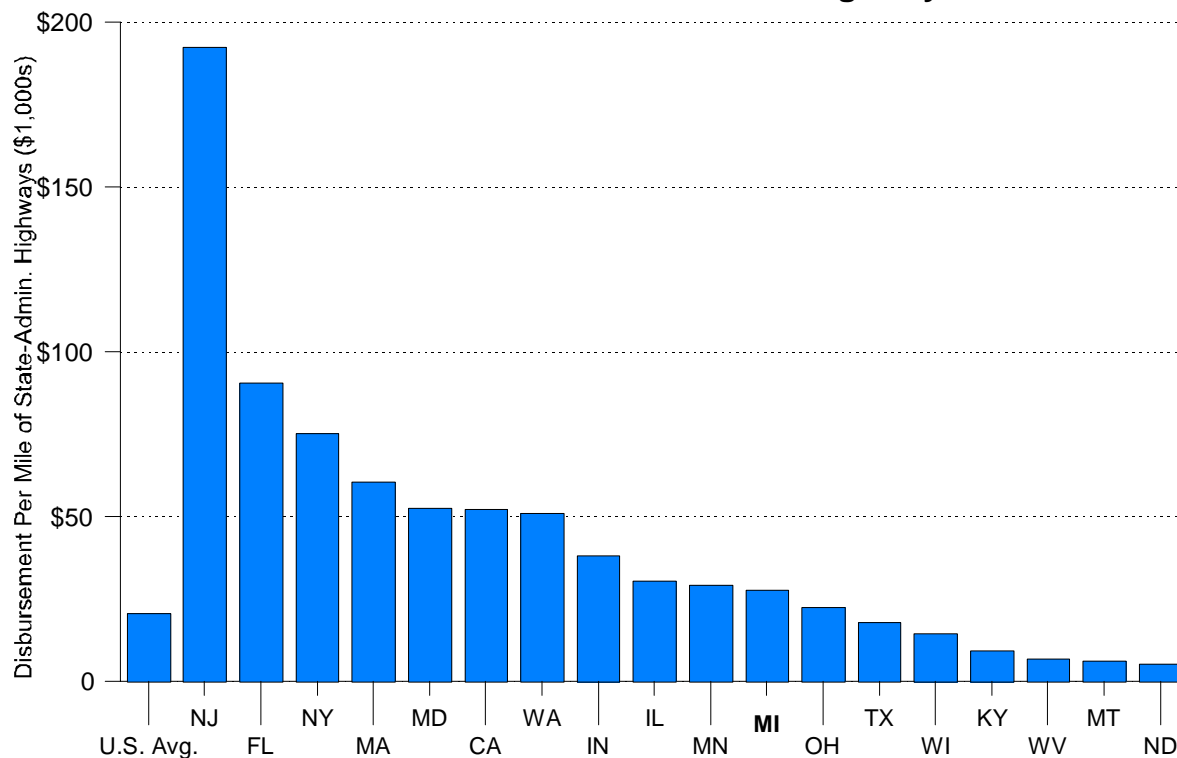
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Dec. 2007	Nov. 2007	Dec. 2006	<u>Change from Nov.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	153,866	153,828	152,709	38	0.0	1,157	0.8%
Employment	146,211	146,647	145,949	(436)	(0.3)%	262	0.2
Unemployment	7,655	7,181	6,760	474	6.6	895	13.2
Unemployment Rate	5.0%	4.7%	4.4%	---	---	---	---

Michigan	Dec. 2007	Nov. 2007	Dec. 2006	<u>Change from Nov.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,012	5,020	5,085	(8)	(0.2)%	(73)	(1.4)%
Employment	4,629	4,650	4,719	(21)	(0.4)	(90)	(1.9)
Unemployment	383	370	366	13	3.4	17	4.5
Unemployment Rate	7.6%	7.4%	7.2%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

State Disbursements for Highway Maintenance & Service, 2005
Cost Per Mile of State-Administered Highways



Source: Federal Highway Administration, U.S. Department of Transportation

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Dec. 2007*	Nov. 2007	Dec. 2006	<u>Change from Nov.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,248	4,243	4,325	4	0.1%	(78)	(1.8)%
Goods Producing Industries	774	776	815	(2)	(0.3)	(42)	(5.1)
Natural Resources & Mining	8	8	8	(0)	(1.3)	(0)	(2.5)
Construction	160	160	176	0	0.0	(16)	(9.3)
Manufacturing	606	608	631	(2)	(0.3)	(25)	(4.0)
Transportation Equipment	187	189	206	(2)	(1.1)	(19)	(9.4)
Service Producing Industries	3,474	3,468	3,510	7	0.2	(36)	(1.0)
Trade, Transportation & Utilities	781	780	793	1	0.1	(12)	(1.5)
Information	66	66	67	(0)	(0.2)	(1)	(1.8)
Financial Activities	210	210	215	(0)	(0.1)	(5)	(2.3)
Professional & Business Services	586	584	593	2	0.3	(7)	(1.2)
Education & Health Services	600	597	591	3	0.5	9	1.5
Leisure & Hospitality Services	408	408	408	(1)	(0.2)	(0)	(0.0)
Other Services	176	176	179	0	0.1	(3)	(1.6)
Government	648	646	664	1	0.2	(17)	(2.5)

Source: Bureau of Labor Statistics, U.S. Department of Labor

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Dec. 2007	Year Ago	Percent Change	Dec. 2007	Year Ago	Percent Change
Construction	35.1	37.2	(5.6)%	\$772.55	\$815.05	(5.2)%
Manufacturing	43.6	42.7	2.1	966.18	959.90	0.7
Durable Goods	45.7	43.6	4.8	1,089.49	1,059.92	2.8
Motor Vehicle Manufacturing	43.8	43.2	1.4	1,384.96	1,377.65	0.5
Motor Vehicle Parts Manufacturing	43.7	43.4	0.7	1,124.40	1,178.31	(4.6)
Nondurable Goods	36.7	39.5	(7.1)	567.75	619.76	(8.4)
Wholesale Trade	38.8	39.5	(1.8)	755.82	756.82	(0.1)
Retail Trade	31.4	30.8	1.9	379.63	370.52	2.5
Grocery Stores	27.5	26.1	5.4	257.13	233.86	10.0
General Merchandise Stores	30.7	31.2	(1.6)	319.59	317.93	0.5
Information	34.2	34.3	(0.3)	731.54	731.28	0.0
Financial Activities	34.2	34.1	0.3	629.96	634.94	(0.8)
Professional & Business Services	34.2	34.9	(2.0)	696.31	673.22	3.4
Health Care & Social Assistance	36.1	35.8	0.8	614.06	607.53	1.1
Leisure & Hospitality	21.8	22.4	(2.7)	199.47	204.51	(2.5)
Personal & Laundry Services	26.0	23.8	9.2	303.42	269.18	12.7

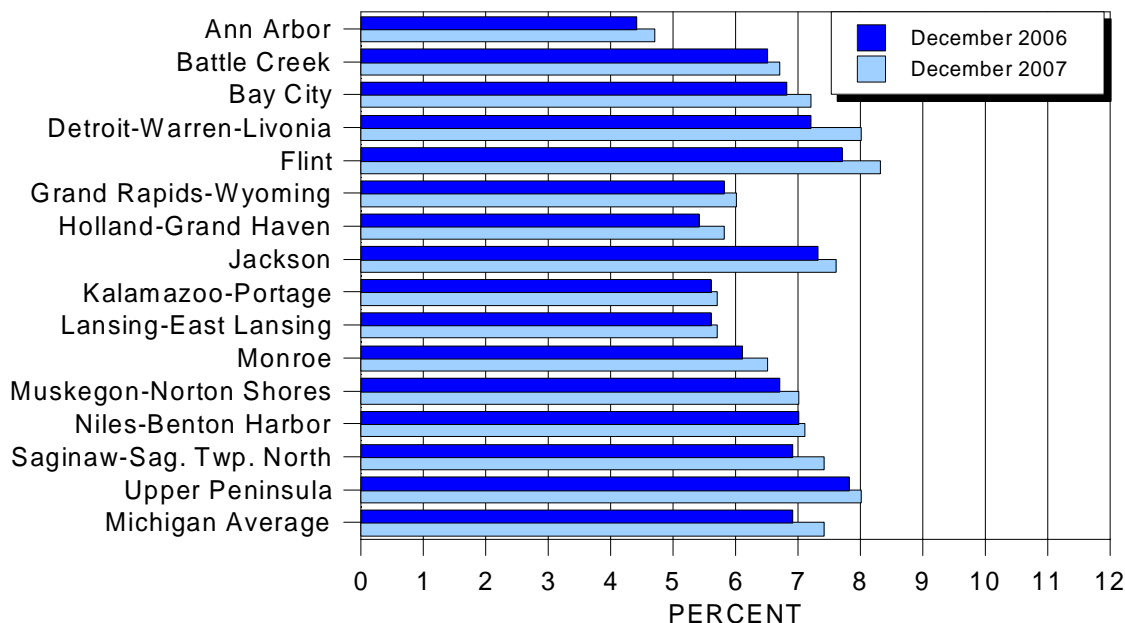
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Dec. 2007*	Nov. 2007	Oct. 2007	Dec. 2006
Metropolitan Statistical Areas				
Ann Arbor	4.7%	4.7%	4.8%	4.4%
Battle Creek	6.7	6.6	6.6	6.5
Bay City	7.2	6.8	6.3	6.8
Detroit-Warren-Livonia	8.0	7.2	7.8	7.2
Flint	8.3	8.3	8.1	7.7
Grand Rapids-Wyoming	6.0	5.9	5.8	5.8
Holland-Grand Haven	5.8	5.6	5.5	5.4
Jackson	7.6	7.5	7.3	7.3
Kalamazoo-Portage	5.7	5.5	5.3	5.6
Lansing-East Lansing	5.7	5.5	5.4	5.6
Monroe	6.5	6.5	8.2	6.1
Muskegon-Norton Shores	7.0	7.1	7.2	6.7
Niles-Benton Harbor	7.1	6.8	6.3	7.0
Saginaw-Saginaw Twp North	7.4	7.1	6.8	6.9
Multi-County Areas				
Northeast Lower Michigan	10.8	9.5	7.7	10.2
Northwest Lower Michigan	8.3	7.7	6.6	7.9
Upper Peninsula	8.0	7.2	6.1	7.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.4	6.9	7.0	6.9
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

December 2006 and December 2007



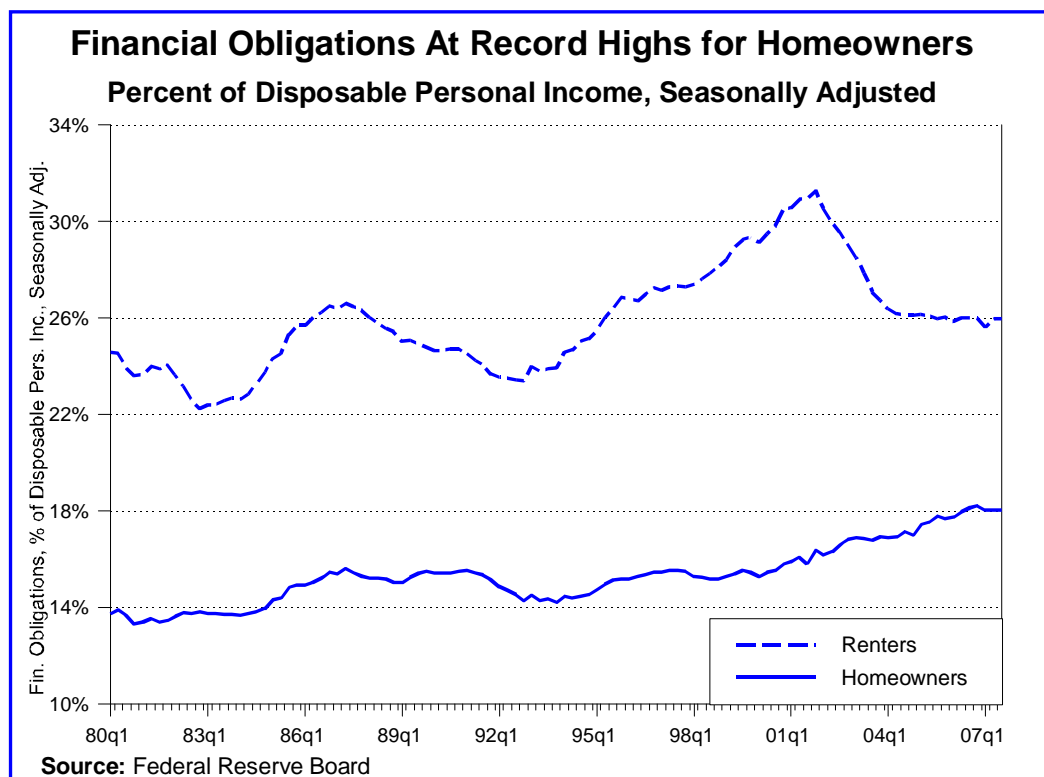
Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Dec. 2007	Nov. 2007	Oct. 2007	Sept. 2007	Year Ago Dec.	Percent Change From:	
						Dec./Nov.	Dec. 2007/ Dec. 2006
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,867	8,002	7,480	7,461	7,983	(1.7)%	(1.5)%
Domestics	5,526	5,646	5,132	5,180	5,470	(2.1)	1.0
Imports	2,341	2,356	2,348	2,281	2,513	(0.6)	(6.8)
Import Share	29.8%	29.4%	31.4%	30.6%	31.5%	---	---
Light Trucks	8,361	8,154	8,512	8,705	8,581	2.5	(2.6)
Domestics	6,946	6,753	7,052	7,294	7,166	2.9	(3.1)
Imports	1,415	1,401	1,460	1,411	1,415	1.0	0.0
Import Share	16.9%	17.2%	17.2%	16.2%	16.5%	---	---
Subtotal: Light Vehicle Sales	16,228	16,156	15,992	16,166	16,564	0.4	(2.0)
Heavy Trucks	364	325	335	331	585	12.0	(37.8)
Total Vehicle Sales	16,592	16,481	16,327	16,497	17,149	0.7	(3.2)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	4,058	3,950	3,916	3,640	4,423	2.7	(8.4)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	925	1,138	1,127	729	1,014	(18.7)	(8.7)
Trucks	1,009	1,354	1,390	1,129	1,055	(25.5)	(4.4)
Total	1,934	2,491	2,517	1,858	2,069	(22.4)	(6.5)
Michigan Production as % of U.S.	22.2%	22.5%	23.1%	19.8%	20.7%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,394	1,476	1,377	1,260	1,552	(5.6)	(10.2)
Days Supply	55	63	61	49	60	(12.7)	(8.3)
Total Truck	1,855	1,998	1,913	1,832	1,943	(7.2)	(4.5)
Days Supply	66	84	77	67	66	(21.4)	0.0

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	December	134.6	136.9	138.3	(1.7)%	(2.7)%
Coincident Index ¹⁾ (1992=100)	December	155.2	155.3	152.5	(0.1)	1.8
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	December	1,006	1,173	1,629	(14.2)	(38.2)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	December	\$344.9	\$346.4	\$330.7	(0.4)	4.3
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	December	114.0	114.0	112.2	(0.0)	1.5
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	December	81.4	81.6	81.6	(0.2)	(0.2)
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	December	211.2	210.6	202.8	3.4	4.1
Detroit (not seasonally adjusted)	December	200.2	201.8	196.4	(4.6)	1.9
Interest Rates						
3-month Treasury Bill ³⁾	December	3.08%	3.49%	4.85%	---	---
Corporate Aaa Bonds ³⁾	December	5.49%	5.44%	5.32%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2007 4th Qtr.	\$11,677.4	\$11,658.9	\$11,395.5	0.6	2.5
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Dec. 2007	\$1,737.1	\$1,855.0	\$1,532.0	NM	13.4

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

